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SEPTEMBER 26, 1966

RECORD WORLD WHEAT CROP RELIEVES SHORT SUPPLIES

GROWTH OF MEXICO'S PINEAPPLE INDUSTRY

IRRIGATING THE UAR'S WESTERN DESERT

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FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

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Canadian bulk wheat freighter en route down the St. Lawrence Seaway. The record crop Canada expects is part of the world record forecast for 1966; see story opposite. (Photo, Canadian National Film Board.)

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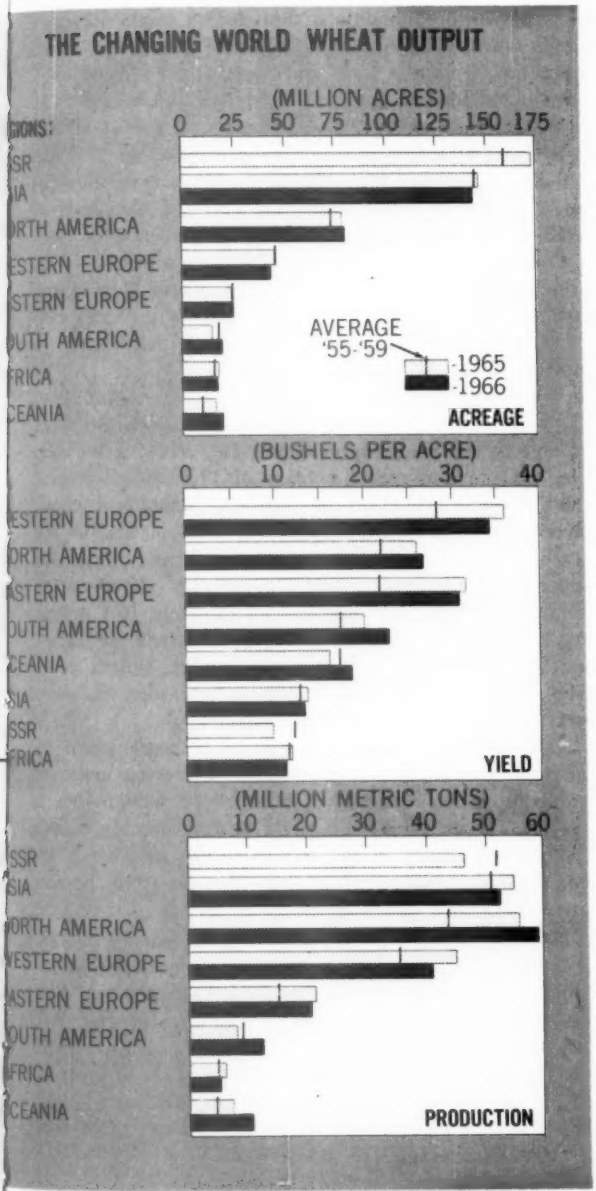
Record World Wheat Crop Will Relieve Short Supplies

The big world wheat crop in prospect this year will be ample for world import needs, which are expected to show a small decline.

By L. THELMA WILLAHAN
and JAMES P. RUDBECK
Grain and Feed Division, FAS



Record wheat production in 1966 is expected to help replenish world inventories, which were reduced by heavy import demand and unusually large exports in the fiscal year just ended. Large crops are in prospect, especially in four of the five leading exporting countries.[1]

The world crop in 1966

World wheat production in 1966 is estimated at a record 259 million metric tons (9.5 bil. bu.) compared with 245 million tons in 1965 and the previous record of 255 million tons in 1964. The crop is 12 percent larger than the average production of 232 million tons in 1960-64.

Improved yields per acre in several world areas have increased wheat output constantly during the last decade. In contrast with a world acreage increase of only 4 percent in 1966 compared with the average for 1955-59, total tonnage increased 19 percent; the main factor was a 14-percent gain in average yields harvested per acre during the period.

In other words, the higher per acre yields resulted in about 30 million tons more wheat being harvested this year than would otherwise have been produced on the same acreage 10 years ago, had not improved methods been adopted by an increasing number of countries.

Forecast at 518 million acres, 1966 world wheat area is down 2 million acres from 1965 and 5 million from the 1964 record acreage. However, it is 16 million acres above the 1960-64 average level, chiefly owing to expanded acreage in three exporting countries—Canada, Australia, and Argentina—and also in the USSR.

The world acreage reduction below 1965 is due primarily to unduly wet and early freezing weather during the time of planting winter wheat last fall in many countries of Western Europe and in Mainland China. Continued rainy weather also prevented European farmers from putting in more spring wheat to make up for smaller fall acreage.

Crops by continents

North America has the largest wheat crop in its history. The USSR and two countries of Eastern Europe have bumper crops. South America and Australia have planted larger acreages and high-level crops are anticipated.

In Western Europe, crop prospects were good in northern countries early in the summer, and even higher yields were expected per acre than the bumper yields of the good wheat year of 1965. Yields were reduced to some extent this year by rains during the harvest period, but they are still above average. Despite the greatly decreased acreage, therefore, production is forecast at only about 4 million tons below last year's record and 2 million tons above average output in 1960-64. Crops in Italy and Spain are well above average, but production in Portugal is down sharply.

The USSR has officially reported its 1966 wheat crop as close to the 1964 record harvest. Bulgaria and Yugo-

[1] The "Big Five"—generally responsible for over nine-tenths of the world's wheat exports—are the United States, Canada, and France in the Northern Hemisphere, and Australia and Argentina in the Southern Hemisphere.

slavia, with excellent yields per acre, have record output. With the exception of East Germany and possibly Hungary, crops in other countries of Eastern Europe compare favorably with the good 1965 crops and are above average.

In Asia, even though output is not at the record 1965 volume, it is larger than during 1960-64. The Indian crop, estimated at 11 million tons, is a near-record one, only about a million tons below the 1965 record crop. Owing to unfavorable weather during planting, wheat acreage declined about a million acres from the year before. However, improved cultivation methods in India in recent years are resulting in higher yields per acre, even in poor years.

Japan's 1966 wheat crop—the smallest in 20 years—is estimated at 1,040,000 tons, compared with 1,287,000 in 1965 and with the 1960-64 average of 1,381,000. Farmers in recent years have planted more remunerative crops. Current wheat acreage is estimated at 1,045,000 acres against the 1960-64 average of 1,475,000.

Pakistan's wheat crop, estimated at 4.1 million tons, is about 400,000 tons below the preceding year's bumper harvest and about equal to the 1960-64 average. Acreage was maintained at the high 1965 level of 13.3 million acres, about a million above the average; but drought seriously reduced yields in some areas.

Despite severe drought in some of the smaller producing countries of the Near East, record crops in Turkey and Iran resulted in a total record production for that region. But for Africa, this is a generally unfavorable wheat year. Crops across North Africa—in Algeria, Morocco, Libya, and Tunisia—suffered serious production declines due to drought, and dry weather is expected to reduce South Africa's crop for the second year. However, production in Egypt is moderately above the good crop of 1965 and ranks as the largest in 12 years.

World export supply

The export potential of the "Big Five" exporters and of the smaller exporters in 1966-67 (July-June) appears ample to meet the world's import needs. Current projections also indicate larger mid-year 1967 carryover stocks in the three big Northern Hemisphere exporting countries and point to much increased exportable supplies in the two Southern Hemisphere exporting countries as compared with mid-1966.

If current crop prospects in Canada, Argentina, and Australia hold up, the increased export potential of these three countries will more than offset the decrease in U.S. supplies. The supply picture in Canada is quite favorable, and exports could easily set a record. Supplies in Argentina and Australia are extremely low and only limited sales are being made; however, the new crops coming in November will result in a big surge in exports for the December-June period of 1966-67. French exports should show a decrease, but they will be ample for normal marketing requirements in the EEC.

The U.S. picture

The United States has been the largest world exporter of wheat for 20 years. Despite the curtailing of U.S. wheat acreage in the mid-1950's to help cut down world surpluses, higher yields have resulted in larger year-end carryovers, and the United States has continued to be the principal wheat trader.

Increased foreign demand in the past 3 years skyrocketed U.S. wheat exports to new heights and culminated in record exports of over 23.5 million tons in fiscal 1966. This level of exports, together with a substantial increase in the use of wheat for feed, pulled down carryover stocks on June 30, 1966, to their lowest point since 1952.

Before the harvest this year, a substantial drop was forecast in U.S. production because of adverse weather effects upon both the winter and spring crops. However, as of September 1, the crop estimate was raised to 35.27 million tons, 2 percent below 1965 and 11 percent below the 1958 record crop. Despite this large harvest, the reduced carryover is expected to result in decreased export availabilities. Total domestic supplies this year are slightly under 50 million tons, whereas last year they were about 58 million.

Other exporters

The increased world wheat production in prospect this season, mainly in the other three exporting countries, results from greatly increased acreage as well as above-average weather conditions thus far. Canada increased spring wheat plantings (virtually all of its wheat is spring wheat) by 2 million acres, or 7 percent, to a record 30.3 million. Yields per acre are the highest in 14 years. The official estimate of 21.77 million tons for the 1966 crop is by far a record, 4 million tons larger than in 1965 and 7 million more than the 1960-64 average output. Supplies for export should be around the previous high level of 1963-64, which followed the previous record crop of 1963.

Drought sharply reduced last year's crops in both of the principal exporting countries of the Southern Hemisphere. As a result of their depleted supplies and of a smaller crop in the United States, producers in these countries put as much land in wheat as possible this year.

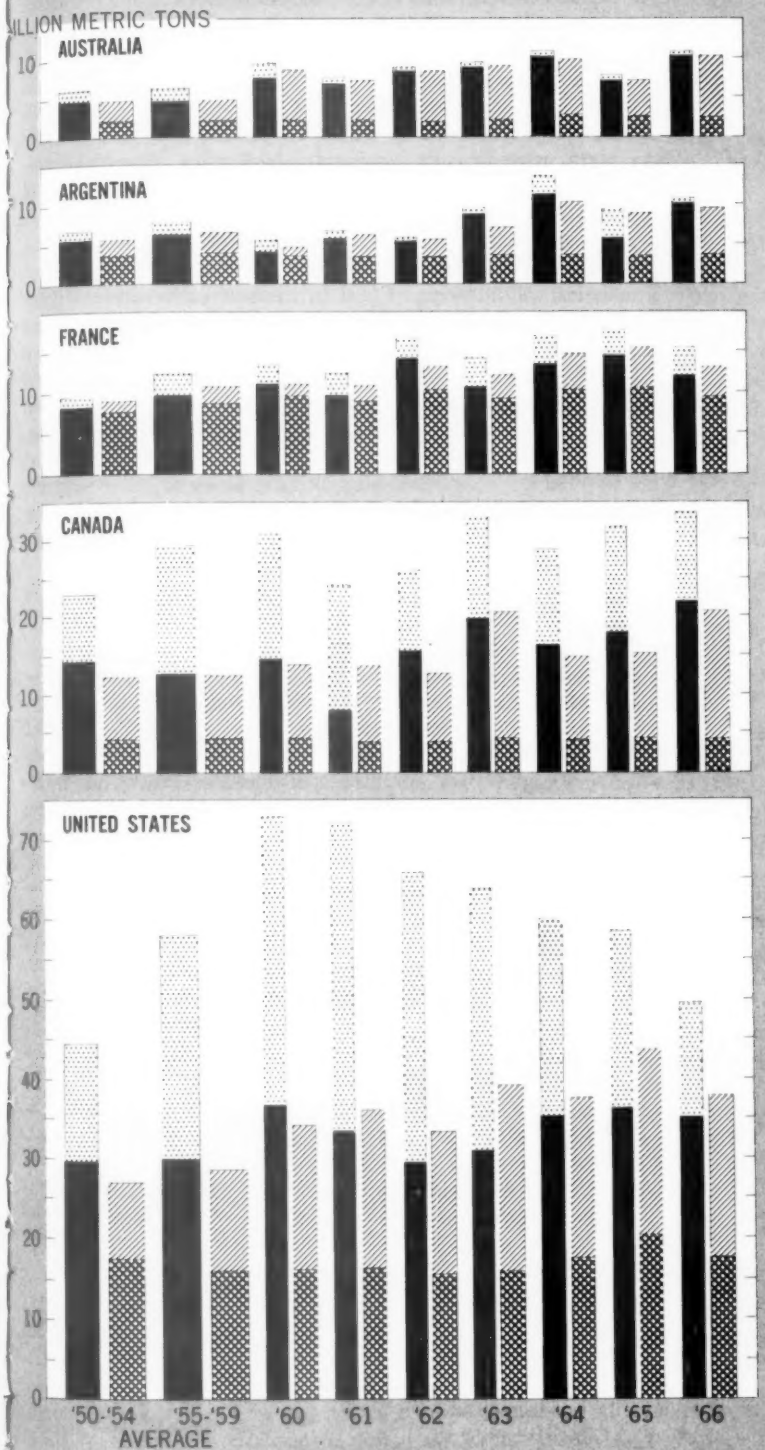
Australia increased its wheat plantings to an estimated 20.4 million acres, up 22 percent from the drought-reduced acreage of the preceding year and 14 percent larger than even the previous record acreage of 17.9 million acres 2 years before. Conditions in Western Australia continue favorable for production again this season, and in last year's drought areas in east Australia, recent rains have improved conditions. Under continuing above-average conditions, a record output of approximately 10.5 million tons could be expected. Estimates by the trade are higher, and if crop conditions continue favorable, output could even exceed this estimate. Australia, therefore, has prospects for record exportable supplies in 1967.

Argentina encouraged the planting of more wheat by raising minimum prices to producers. So acreage increased markedly, and a minimum harvest of 10 million tons is forecast, though production could be considerably higher. The surplus should exceed the 1965 exports, which included large commitments of the carryover from the record 1964-65 crop.

The 1966 wheat crop in France was reduced sharply as a result of the smaller acreage farmers were able to get into the ground. As in other northern European countries this year, rains and early winter held down acreage. Wet weather also hindered spring planting, as well as harvesting. Therefore production, officially estimated on August 1 at 12.3 million tons, is 16 percent below last year's record crop of 14.76 million tons although 5 percent more than the 1960-64 average.

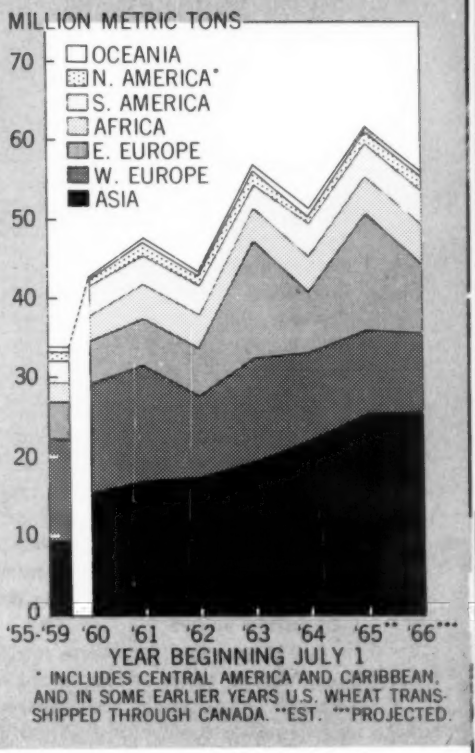
(Text continued on page 15)

THE BIG 5 WHEAT EXPORTERS- SUPPLY AND DISAPPEARANCE



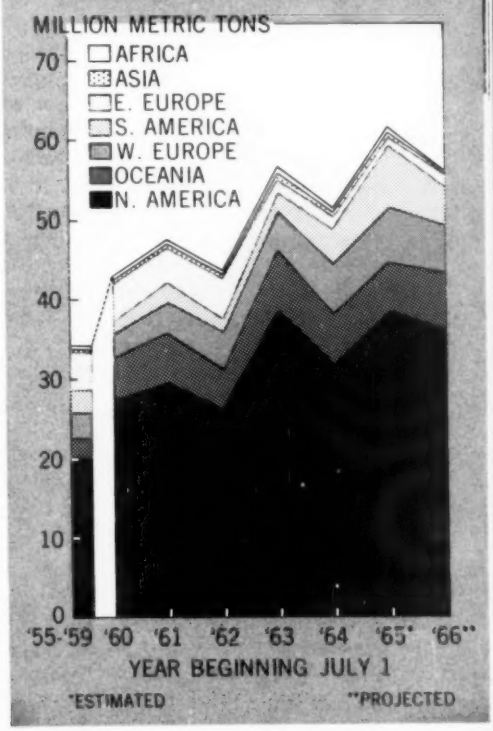
AUSTRALIA AND ARGENTINA, YEAR BEGINNING DEC. 1; CANADA, AUG. 1; UNITED STATES, JULY 1; SUPPLY INCLUDES IMPORTS; FRANCE, JULY 1 EXCEPT IN 1950-54 (AUG. 1); SUPPLY INCLUDES IMPORTS. 1965, ESTIMATED; 1966, PROJECTED.

WORLD WHEAT IMPORTS- BY REGIONS



* INCLUDES CENTRAL AMERICA AND CARIBBEAN, AND IN SOME EARLIER YEARS U.S. WHEAT TRANSSHIPPED THROUGH CANADA. **EST. ***PROJECTED.

WORLD WHEAT EXPORTS- BY REGIONS



*ESTIMATED **PROJECTED

Secretary Freeman Assures Adequate Food and Fiber Supplies for Domestic Use and for Export

Secretary of Agriculture Orville L. Freeman, speaking at the High Plains Research Foundation's Annual Field Day held in Halfway, Texas, on September 8, told his audience that in the last 5 years this Administration has achieved three major farm goals—reduced surpluses, undertaken a Food Budget which will gear production to domestic and overseas requirements, and increased farm income. What he had to say about the first two of these goals follows:

In the last 5½ years price-depressing surpluses have been all but eliminated. Surpluses of grain, milk, vegetable oil, and rice are nearly gone. In 1961 we had 1.4 billion bushels of wheat on hand. Today carryovers are down to a prudent level of less than 540 million bushels.

In 1961 we had 85 million tons of feedgrains on hand. At the conclusion of this crop year we will have reached our target—a carryover of 47 million tons. The cotton surplus, as we have already seen, will be substantially reduced by next year.

The five major farm bills passed in the 6 years of this Administration, culminating in the far-reaching Food and Agriculture Act of 1965, played key roles in successfully encouraging farmers to take unneeded acres out of production, to stimulate increased export trade, to create the first balanced agriculture in half a century, and to increase farm income.

When the last of these farm bills was enacted into law, President Johnson said of the Food and Agriculture Act of 1965: "With this legislation, we reap the wisdom acquired during three decades of trial and error."

Agriculture given flexibility

This Act provided the final flexibility we needed to establish the long-sought National Food Budget, and today we are well on our way to doing just that.

With this flexibility we can maintain necessary food and fiber reserves without rebuilding costly surpluses. We can move acres in and out of production with efficiency and economy to assure American consumers an abundance of food at fair prices, to meet commercial export demands, and to honor our overseas aid commitments under Food for Freedom.

Already the Act is demonstrating this flexibility. With our carryovers down to manageable proportions, we are now calling forth more acreage for needed commodities. Wheat acreage will be up nearly a third for the 1967 planting. Rice acreage has been increased by 10 percent. And next year soybean production will climb to a new record of 1 billion bushels.

To meet new domestic and overseas demands, half our reserve acres may be bought back into production by next year.

World's food needs mounting

World demand for our agricultural products is rising with world population increases.

In the 11 years of Food for Peace we shipped overseas 150 million tons of food valued at more than $15 billion. This year alone we will provide drought-struck India with a fourth of our total wheat production to save the lives of an estimated 21 million people in that beleaguered nation.

Food for Peace expires this year, but it will be succeeded by an even wider ranging program, Food for Freedom, a program which will strike at the root cause of world hunger by encouraging the hungry nations to take the only step which can, ultimately, save them—develop their own agricultures to feed themselves. But in the interim, while those nations are learning to grow what they need, we will continue to provide them with the food and the technical assistance they must have. This will require massive aid.

On the commercial side, farm exports have risen at a phenomenal rate. For the fiscal year ending June 30, they reached an alltime high of $6.7 billion, an almost unbelievable jump from the 1960 total of $4.5 billion. Of even greater significance is the fact that farm export sales for dollars increased at an equally astonishing rate, climbing from $3.2 billion in 1960 to $5.1 billion in 1966.

Today our farmers have become the world's biggest exporters. They supply more than 20 percent of world agricultural trade, and they get a sixth of their income from exports.

No need to cry "Wolf"

We have all but licked the surplus problem at the same time that we have saved millions from starvation and have boosted our agricultural export trade far beyond the most visionary predictions of just 6 years ago. One would think most Americans would be pleased and proud of this record. And most Americans are. But some, a few, are confused and alarmed by our fast-emptying surplus storage bins and have raised the "Wolf" cry of shortages.

It is true that we have used up our surplus stocks in meeting the growing food deficit abroad. It is also true that this year we are beginning to draw upon our normal reserves, the second line of defense against food shortages. And it is true that within the past year we have begun to bring back into production our unused cropland—the world's third ready reserve in the race between food and people.

But it is *not* true that surpluses have been replaced by shortages. There is no shortage.

The carryover of wheat on July 1—535 million bushels—is equal to 1 year's domestic consumption. Since we've long considered 600 million bushels an adequate reserve, our carryover is, then, almost on target. With the crop now being harvested, we will be able to meet all our domestic and commercial export needs, and we will be able to continue our overseas aid program at a still generous, if prudently adjusted, level.

Our expected 47-million-ton carryover of feedgrains on October 1 is also right on our reserve target of 45 million tons, and, again, this will meet all our domestic, export, and concessional needs for the year ahead. The same is true of rice, where an estimated carryover of 270,000 tons of milled rice will be the highest in recent years.

FOOD FOR PEACE REPORT ISSUED. How the U.S. Food for Peace program has continued to serve this country both as a flexible instrument of foreign policy and as a humanitarian institution is effectively told in the 1965 Anual Report on Public Law 480. For sale by Superintendent of Documents, U.S. Printing Office, Washington, D.C. 20402. The price is $1.25.

U.S. Demand Spurs Growth in Mexico's Canned Pineapple Industry

Steady export trade with the United States, along with gradual increases in domestic consumption, is making Mexico's emerging canned pineapple industry a strong one. Since 1962 the industry has increased its sales to the United States—virtually its only customer—by 23 percent, and made smaller but not insignificant gains in the local market.

Times have not always been so promising. Canning of pineapple in Mexico got its impetus during World War II when normal suppliers of the U.S. market, Hawaii in particular, found it difficult to obtain ocean transporation. At this time, Mexico—the only producer of pineapple able to ship overland to U.S. destinations—found it had a protected market and developed a good business which lasted throughout the war.

After the war, however, ocean transportation again became available and Hawaii returned as a competitor. Mexican exports of canned pineapple to the United States fell off and made only slight increases through 1962. Between 1956 and 1962, exports to the United States of canned pineapple increased from 596,000 cases (basis 24 cans of No.2½) to only about 700,000 cases—an increase of less than 3 percent per year on the average.

American firm steps in

About that time, a large American processing firm established a subsidiary Mexican corporation and purchased two plants for processing pineapple. A sharp increase was noted immediately in both the size of the pack and the level of exports; during 1964 and 1965 the annual rate of export to the United States averaged some 860,000 cases. By then Mexico had opened a few new markets in Europe and become a major source of imported canned pineapple to the United States—fourth after Taiwan, the Philippines, and Malaysia. Quantities supplied to the United States were and still are relatively small, however, in comparison with Hawaii's shipments to the mainland.

In the past 3 years since the American firm has been in the business, domestic consumption has also increased. More efficient canning and distribution methods have reduced retail prices somewhat, and the growing stability of Mexico's middle class has brought more of the population into the market each year.

The canned pineapple industry may boost its sales even higher if it overcomes problems with transportation and production. Loma Bonita—the principal canning area—is located on a major stop on the through railroad to Veracruz, but facilities there are not adequate. Truck transportation for the area is also somewhat restricted, since the plants are approximately 16 miles from the nearest paved road. Grading is now underway, however, and the road between Loma Bonita and the main highway to Veracruz is in the process of being paved. In addition, the area's low yield per acre is receiving attention from technicians associated with the canneries, and some improvement is likely in the near future.

Trucks unload fresh pineapple (top) picked from a field in Loma Bonita (above) to be processed by workers in one of several local canneries (below).

Steady fresh pineapple trade

In spite of ups and downs in canned pineapple trade, fresh pineapple shipments from Mexico to the United States have been relatively unchanged, averaging about 22,500 tons a year. The United States has taken virtually

all of Mexico's exports of fresh pineapple for the past 10 years. Only occasional shipments have gone from Mexico to other foreign markets, with little repeat business.

Pineapple is grown to some extent in about 17 of the 28 Mexican States, most of this for the fresh market. Climatic and soil conditions provide best results, however, in the area straddling the border between the States of Oaxaca and Veracruz. This area now produces over 80 percent of Mexico's pineapple and has become the center for the canning industry.

More pineapple for processing

While total pineapple production in Mexico has been increasing at a slow, steady pace for a number of years, the amount of fruit used for processing has shown a sharp upward trend. In 1959 the amount used was 55,000 tons, 27 percent of the crop. By 1965 the amount rose to 78,300 tons, more than 35 percent. Canners are interested in improving yields and increasing production, so it is likely that production will eventually catch up with processing.

Four plants process the bulk of canned pineapple—two at Loma Bonita, one in Isla, and a small plant at Los Robles, Veracruz. In addition, fresh pineapple is trucked to plants at Irapuato, in the State of Guanajuata, and at Puebla, in the State of Puebla, to be processed into jams and marmalades. Pineapple is packed sliced, in chunks, and crushed, with or without sugar.

Pineapple juice is also produced in Mexico but in much smaller quantities than the other products. Pineapple juice has difficulty competing in the United States with juice from Hawaii, since the Mexican product is subject to a higher U.S. import duty than other canned pineapple products. Consequently, only a relatively small amount is packed, most of it destined for Canada. Exports of juice nevertheless showed sharp increases in 1963 and 1964, reaching a record 63,000 cases in 1964.

The canned pineapple pack is expected to increase in the next few years, but at a rate which depends to a large degree on demand from the U.S. market. Potential for sales to the United States remains strong as long as Mexican canners can continue to undersell their competitors.

—Robert S. FitzSimmonds
Assistant U.S. Agricultural Attaché
Mexico City

Major Milk-Producing Countries Report Increased Output Through Mid-Year

In nearly all European countries and in Oceania, milk production through June of the current season continued above that of the comparable period a year earlier. Only in North America did output show a decrease.

In Europe, production gains continue to be registered, but the rate of increase has slackened somewhat in recent months. In first quarter 1966, milk deliveries in the 11 West European countries for which data are available were only 1 percent above the previous year's level. In the fourth quarter 1965, output was up 3½ percent. Generally favorable producer prices, good weather, and ample roughage supplies continue to encourage increased output.

Most West European countries with a relatively highly developed dairy industry had more cows in mid-1966 than in 1965. Numbers in Holland and Belgium continue increasing at a reduced rate of slightly over 1 percent, and, for the first time since 1961, there has been an increase in milk cows in Denmark. Other important West European dairying countries in which milk cow numbers have risen are France, Italy, Austria, and Ireland. There were as many dairy cows in West Germany at mid-year 1966 as a year ago. On the other hand, cow numbers in Sweden, Switzerland, England, Finland, and Norway are below year earlier levels. The sharpest decline has occurred in Sweden where numbers are down 3 percent from 1965.

Size and composition of dairy herds in Western Europe, along with expected gains in production per cow, are other factors pointing toward a continued high level of milk production throughout the remainder of 1966. Current estimates place milk production at around 238 billion pounds.

Record dairy product output expected

Resulting from the rise in West European milk production, output of the principal manufactured dairy products —butter, cheese, and nonfat dry milk—began expanding at a rapid rate in 1965. Generally, output of these products has continued to gain through the first half of this year. It appears certain that Western Europe will produce a record amount of butter and nonfat dry milk in 1966—exceeding even the record 3.9 billion and 1.9 billion pounds, respectively, produced in 1965.

On July 1, 1966, West European butter stocks were at record levels. Holdings on that date for 13 West European countries totaled 586 million pounds compared with 542 million a year earlier and an average of 393 million pounds during the preceding 3 years. Nearly 60 percent are held in the EEC, principally France and West Germany.

In Oceania, milk output is running slightly above last year's level. New Zealand's production continued at a record high, but production in Australia has yet to recover completely from one of the longest droughts in Australian history, which reduced output in 1965.

Canadian dairy farmers to earn more

Output in North America during the first 6 months of 1966 continued substantially below that of a year earlier, down 4 percent in the United States and 1 percent in Canada. Sales of fluid milk in Canada were a little more than 1 percent higher than those of a year ago, and manufacturing milk supplies were correspondingly lower.

Returns to Canadian farmers for milk and butterfat in 1966 will be higher than in 1965. An increasing share (about 19 percent of $3.70 per 100 lb.) of the guaranteed price to producers for milk and cream is provided through the subsidy which the Federal Government has been paying since April 1, 1966. The rate in terms of butterfat is about 20 cents per pound, the equivalent of about 70 cents per 100 pounds of milk (3.5 percent butterfat).

Canada's production of creamery butter during the second half of 1966 is not likely to rise above last year's output. Total butter production in 1966 is expected to fall about 3 million to 5 million pounds below the 1965 production of 337 million pounds. On the other hand, production of Cheddar cheese in Canada is rising this year in response to near-record prices.

How the UAR Is Trying To Irrigate Its Western Desert

To the west of Alexandria lies Egypt's Western Desert, a vast barren area of nearly a million square miles. In recent years considerable effort has been made to transform this desertland into productive farms through irrigation canals and the tapping of underground water.

Marguerite P. Hutchins, wife of the U.S. Agricultural Attaché in Cairo, James A. Hutchins, Jr., visited some of the reclaimed desert areas last spring with her husband, and was so impressed with what is being done to provide more land for Egypt's farmers that she wrote the following article for Foreign Agriculture. Mr. Hutchins contributed the photographs.

Early in April my husband and I visited the Western Desert to see the Mariut Project for Land Reclamation, which will reclaim 80,000 feddans—slightly over 83,000 acres—of desertland and will provide a livelihood for some 100,000 persons, most of them farmers. Started in 1962, the project is purported to cost approximately E£ 20 million, or nearly $46 million.

It was fascinating to see this scheme devised by the Egyptian General Desert Organization to turn barren land into arable farms. This is an area where the average rainfall is only 0.6 inch a year. When water is provided and the land reclaimed, one-third will be in orchards (olives, almonds, figs, citrus), one-third in green fodder and oil seeds, and a third in vegetables.

Sweet water mixed with saline

To obtain sufficient water to irrigate this new area, the scheme is designed to take the fresh water of the Nubaria Canal, which is the main canal of the Rosetta branch of the Nile, and to mix it with the saline drainage water of the Omoum Canal, in a proportion of 6 parts fresh water to 1 of saline.

Five pumping stations are now being built to raise the water the necessary 33 meters. The first pumping station at Horreia raises the saline Omoum drainage about 6 meters to mix with the sweet water of the Nubaria. At the second pumping station the water is lifted 10 meters, at the third and fourth 6 meters each, and at the fifth, the remaining 5 meters.

The first 50,000 feddans of the new farmland will be ready for crops in 1967. It will be distributed to 16,000 families, which means that it will improve the standard of living for some 80,000 persons plus another 20,000 who are required to provide the services for an entirely new governorate, or administrative district.

We were shown models of the planned villages complete with shops, homes, schools, administrative buildings, clinics, warehouses, and cooperatives. The new capitol of the governorate, we learned, will be named "Nasseriya."

Bedouins inhabit area now

No one lives in this area now but the Bedouins, the nomads of the desert, whose sole means of livelihood is a few sheep and goats and who for many years have been planting huge areas of this desert in barley. Depending entirely on rainfall which usually comes only twice a year, either in October-November or February-March, the Bedouins sow the seed, then wander away, returning in

Right top, tents of workers building irrigation canals, and below, windmills near Mediterranean Coast irrigate small farms. Right bottom, the Huchins' family and drivers pose before jeeps at start of trip to the Western Desert.

about 6 months to see if the rains have been good to them and if they have anything to harvest.

I was interested to learn that when the Bedouins have a good harvest year, they have many marriages—and conversely, no rain, no yield, no marriages. In fact, only a short distance from this area, on the edge of the Qattara Depression near the Siwa Oasis, lives one of the most unique Bedouin tribes in the world—the Tribe of Sheikh Hamza. For centuries they have maintained perfect birth control because of their limited water and food supplies. The tribe consists of 120 people, no more, no less, and only when a member of the tribe dies is a birth permitted.

Whether many Bedouins will take up land in the Mariut Project is quite doubtful, since settled farming is not their way of life, though they may benefit from the grazing lands. First priority in the land distribution goes to the workmen on the project, then to war veterans, and lastly, to farmers from the crowded Nile Delta area. Five feddans will be given to each family. It is estimated that the cost of each feddan will be about E£ 250, and that after paying all costs and taxes, the net income per feddan will average E£ 40 or about $92.00 per year.

How the canals are built

It was fascinating to watch the canals being constructed. Several hundred kilometers of canals have been dug mechanically to accommodate the five pumping stations. Egyptian laborers are now finishing them by hand, smoothing the sides with short-handled, wide-blade hoes, and carrying the rock and rubble away in straw baskets.

The normal work day is 7 hours; however, under the system used on these canals each man is given so many cubic meters to clean and is told he will be paid so much to do it. As a result, most of them work 16 hours a day under the hot desert sun of Egypt.

The canals will not be lined with cement, for the texture of the soil—calcareous and clay loam—is such that when the water starts flowing, the soil will seal itself. Therefore, only the corners and certain small areas will be lined—about 50 meters—to preclude erosion and to protect against the rising underground water table.

Windmill system works well

Underground water is not uncommon in Egypt. Just beyond the Mariut area near the Mediterranean coast, additional underground water was discovered in 1962 and since then, the General Desert Development Organization has installed 525 windmills. Each farmer gets one of these without charge. One windmill will water 10 feddans of olive and almond trees, which grow well in this area.

Strict rules govern this type of farming. Only 40 trees are allowed per feddan, and the farmer must restrict his watering to the area around the tree trunk. He may not dig canals to carry the water as is done in the rest of the country, lest too much water be lost; consequently, he must carry the water in a bucket from the windmill to the tree. Nevertheless, the windmills are excellent here, for they draw water slowly and gently and do not disturb the saline water lying just below the sweet water. Since the sweet water is only 10 centimeters deep, the windmill can only draw about 10 cubic meters of water a day.

The highlight of our trip to the Western Desert was an invitation to have dinner with a Bedouin sheikh in his tent in the desert. He had killed a sheep in our honor, and we ate the roasted meat sitting cross-legged on the floor. As we departed we asked our host's permission to take his picture, and giving him an instantaneously developed print, we left him the most astonished man in all Egypt.

Mid-Year Gains in Polish Agriculture

Gains occurred in many areas of Polish agriculture during the first half of 1966, according to the June census.

Total value of agricultural products purchased by the state amounted to $650 million during the first half of this year, nearly 10 percent over the same period of 1965.

Milk purchases rose some 12 percent, and substantial gains in hog purchases contributed to a slight rise in procurements of slaughter animals. In terms of meat, the total for slaughter animals was 634,000 metric tons, against the 614,000 of January-June 1965. State purchases of slaughter cattle and calves were below the 1965 levels.

Purchases of eggs were also off—by some 14 percent from the first half of 1965.

Livestock numbers showed substantial gains as a result of the good grain harvest in 1965 and the subsequent rise in feed supplies.

The favorable harvest of 1965 was also reflected in the decline in sales of mixed feeds to the farmers. These sales were nearly 22 percent below the first half of 1965. State grain purchases during 1965-66, on the other hand, were nearly 45 percent above the 1964-65 level and amounted to 3,264,700 tons.

Loans by the Agricultural Bank and cooperatives during the first half of 1966 totaled $3.0 billion. This was 8.3 percent more than in the comparable period of 1965.

Norway May Liberalize Some U.S. Foods

Representatives from the Departments of State and Agriculture met in Oslo on September 6-7 with their Norwegian counterparts, to discuss Norwegian restrictions on agricultural imports from the United States.

Among the products discussed were apples, pears, canned fruits, vegetable and fruit juices, rice, and dehydrated potatoes. As a result of these discussions Norway is expected to remove import restrictions on a number of products, largely fruit products, and to consider relaxing restrictions on others.

The consultations were held under the procedures of Article XXII of the General Agreement of Tariffs and Trade (GATT), which provides for discussions among contracting parties with respect to any matter affecting the operation of the Agreement.

The United States maintains that the Norwegian import restrictions are overly protectionist and harmful to U.S. exports to that market. For these reasons the United States requested removal of the import restrictions on certain selected items and reserved its right to continue discussions through normal procedures or by reconvening formal consultations.

Australia also participated in this consultation on certain items of common interest, while a representative of the GATT attended as an observer.

Japanese Trade Keenly Interested in Tokyo Poultry Exhibit

Fifteen U.S. poultry exporters found Japanese trade visitors keenly interested in the displays, cooking demonstrations, and sales clinics at the 7-day U.S. Poultry Trade Exhibit at the U.S. Trade Center in Tokyo this month.

"We found a lot of good will and a willingness to do business," says Vic Pringle, chairman of the board of the Institute of American Poultry Industries, which cooperated with FAS in sponsoring the show.

According to Exhibitor V. C. Patterson of Collingswood, a division of Mississippi Federated Cooperatives, "This exhibit gave us a much better understanding of the Japanese market and what the Japanese customer wants."

Japanese retailers need parts and smaller units to sell to the general consumer, points out C. K. Rausch, U.S. poultry merchandising expert who conducted the series of sales clinics presented by IAPI at the show. Mr. Rausch notes also that he found the Japanese interested in turkey, especially the smaller cuts and the roasts.

Above right, Arkansas Poultry Princess Paula Brock serves chicken to Japanese exhibit visitor. Arkansas Cooking Queen Ann Henderson carves, and Japan Poultry Princess Yachiko Kumai watches. Right, Miss Kumai (r) and her two runners-up meet Japanese and U. S. guests at IAPI's Chicken and Turkey Garden Party.

Below, more than 60 reporters attended opening-day press conference held by Agricultural Attaché Elmer W. Hallowell (c). Right, Poultry Princess Paula (l) and Cooking Queen Ann appear on popular Japanese TV show.

Keeping Pace With Overseas Demand Wins "E" for Miami Hatchery

Miami International Hatcheries, Inc., a company which in less than 10 years has quintupled its production capacity to serve the export market, has been awarded a Presidential "E" award for its part in establishing and servicing overseas markets for U.S. baby chicks, hatching eggs, and foundation breeding stock.

The "E" Citation and banner were presented to Robert Adler, the Miami, Fla., firm's president, by FAS Administrator Raymond A. Ioanes in ceremonies at the Department of Agriculture, Washington, D.C., late last month.

Miami Hatcheries was first spurred into the export business by the rising volume of orders coming into its Gainesville, Fla., hatchery from Latin America. To better serve overseas markets to the south, the firm decided in 1957 to move to Hialeah, within easy reach of Miami International Airport. Today, Miami counts among its customers more than 35 countries in the Caribbean and Latin America.

When it first began hatching in Hialeah in October 1957, Miami's plant had an incubation capacity of 86,400 eggs and employed 3 persons. The firm then contacted the Department of Commerce office in Miami for trade lists and started a direct-mail campaign that now reaches over 15,000 poultrymen in every Caribbean and Latin American country.

As Miami's volume of business rose, its hatchery was expanded to an incubation capacity of 260,000 eggs. A need for further expansion soon became evident, and in January 1962 the company moved to its present Miami site. It now has a total capacity of 496,000 eggs, and can hatch 100,000 chicks a week—all for export.

The hatchery operates at full capacity for about 6 months a year and at about 90 percent of capacity the other 6 months.

Besides creating the need to expand plant capacity, servicing the export market meant establishing dealers in a number of Latin American markets. Realizing the importance of personal contact, the firm frequently sends some member of its organization to visit these dealers, as well as foreign poultrymen. In addition, the firm contacts all 15,000 poultrymen on its mailing list at least four times annually.

Miami has also made efforts to meet the credit needs of its customers. At first, the firm dealt only on a cash basis, then on 30-day credit with good customers. As business grew, more buyers were requesting short-term credit. To enable it to meet these requests, Miami subscribed to the Foreign Credit Insurance Association.

Official Japanese Award to Wheat Associates

The official letter of appreciation from the Japanese Government shown below was presented to Wheat Associates, USA, Inc., recently at a ceremony in Washington, D.C. Wheat Associates, which cooperates with FAS in market development, was accorded this recognition because, to quote the letter—"You have rendered cooperation to the Japanese Government Wheat Missions in their investigation of United States wheat for many years, thereby contributing to a better understanding of wheat trade relations as well as mutual friendship between Japan and the United States."

A member of the 1966 Japanese Government Wheat Mission made the presentation. This group, composed of top officials of the Japanese Food Agency—which handles all Japanese wheat imports—will spend a month in this country getting acquainted with wheat production and supply areas of the Midwest and Pacific Northwest. This is the fifth year such a group has visited the United States at the invitation of USDA and U.S. wheat trade organizations.

Japan is expected to import at least 150 million bushels of wheat this year, more than 50 percent of it coming from the United States. Five years ago Japan bought 92 million bushels of wheat, 30 percent of it from the United States.

German Oil Millers Study Soybean Facilities in U.S.

Five prominent West German oil millers are getting a firsthand look at one of their main sources of supply—the U.S. soybean industry.

On an 18-day tour sponsored by the Soybean Council of America, Inc., and FAS, the group is studying processing and marketing of soybeans and soybean oil and meal. Dr. Karl W. Fangauf, director of the Soybean Council's program in West Germany, is accompanying the millers.

Two members of the team, Friedrick Schraud and Eugen Schmidt, are president and vice president of the German Oil Millers' Association, which has been cooperating with FAS for the past 9 years in developing the German market for U.S. soybeans. Other team members are Otto Sels, Cornelius Bechtel, and Wolf Sieffert—representatives of three large German milling firms.

West Germany, top dollar market for U.S. soybeans and soybean meal, bought over $170 million worth in 1965. These purchases made up most of the soybeans used in that country and accounted for 28 percent of U.S. agricultural sales to West Germany.

Market Survey in Caribbean

A small team of USDA marketing experts is now surveying a number of Caribbean "pocket markets" to determine their potentials for future market development. The markets include Barbados, Trinidad and Tobago, the Dutch Antilles, Surinam, and Guyana.

Caribbean nations have been receiving more attention in the last year or so from other exporting countries, such as Canada, Australia, New Zealand, and members of the EEC.

Record Cotton Crop in East African Countries

Combined cotton production in Uganda, Tanzania, and Kenya (formerly British East Africa) for the 1965-66 season (August-July) is estimated at a record 695,000 bales (480 lb. net), 10 percent above the 1964-65 crop of 630,000 bales.

The most striking increase in production was in Tanzania. The 1965-66 crop in that country, at a record 310,000 bales, was about 25 percent above the 1964-65 outturn of 250,000 bales and 44 percent above the 1963 crop. The Tanzanian Government has since 1959 spent nearly £4 million on stabilizing cotton prices. In view of the large harvests now being realized, the price assistance fund is no longer sufficient to maintain prices at their previous high level.

To partly offset the effects of a lower guaranteed price, certain taxes have been eased. Cotton exports from Tanzania in the August-April period of 1965-66 totaled 265,000 bales. Hong Kong was the largest buyer with 118,000 bales, followed by Mainland China with 61,000, West Germany with 23,000, and Japan with 18,000 bales. Tanzania consumed an estimated 5,000 bales of cotton in 1965-66.

Uganda produced another record crop in 1965-66, up 5,000 from the 365,000 bales produced a year earlier, and over 50,000 bales larger than the 1963-64 crop. Larger crops and declining world prices have almost exhausted Uganda's price assistance fund. Exports from Uganda in 1965-66 (August-July) amounted to 277,000 bales, down sharply from the 338,000 a year earlier.

End season stocks on July 31 were estimated at 123,000 bales. The buildup in stocks was chiefly due to India's inability to enter that market because of her own difficult foreign exchange position. In 1964-65, India took 76,000 bales of Ugandan cotton, compared with only 31,000 in 1965-66. Consumption in 1965-66 is placed at 45,000 bales, up 50 percent from a year earlier.

Kenya produced 15,000 bales in 1965-66, about the same as in the previous two seasons. Practically all of the cotton Kenya produces is exported.

Finnish Cotton Import Figures Corrected

In the September 19 issue of *Foreign Agriculture*, Finland's cotton imports were incorrectly reported at 83,900 bales for the August-June period of 1965-66. The correct figure is 66,000 bales, of which 52,000 were from the USSR and 12,000 from the United States.

Argentina Expects Bigger Crops This Year

With the planting season for small grains in Argentina virtually completed, the outlook is very good for the 1966-67 crop. The second official estimate for wheat places the area at 16 million acres, 2.4 percent above the first estimate and 17 percent above the 1965-66 acreage. These large plantings indicate a strong response to government encouragement through a favorable support price, credit assistance, and publicizing of a prospective good world market for wheat.

Recently released first official estimates for other small grains are also higher, as follows (in millions of acres): oats 2.8, up 2.1 percent from 1965-66; barley 2.3, up 2.4 percent; and rye 5.3, up 0.7 percent.

Weather conditions have remained generally favorable, with light rains during August maintaining good soil moisture. In parts of Córdoba and Sante Fe Provinces moisture is down slightly and rain is needed for optimum development, but elsewhere conditions are very satisfactory. Light frosts during August in the southern wheat area caused no damage. Plants are developing well, and there are no indications of disease problems.

Corn planting is beginning in the northern areas. Farmers reportedly are planning expanded plantings as a result of good prices received from the previous crop and a favorable price support announced by the government. It appears that some grazing land may be shifted to corn.

Dutch Pea Prices Reported Higher

Harvesting of the 1966 Dutch dry pea crop is now completed. The quality reportedly is good, but reports of lower than average yields on reduced acreage caused some speculative price rises. During the last week in August prices of blue peas rose from $8.61 per hundred pounds, f.o.b. Rotterdam, to $9.31; prices of Imperials rose from $9.10 to $9.80, and those of Marrowfats from $9.38 to $10.78. The following week some trade of Imperials reportedly was negotiated with Japan at $9.73 per hundred pounds f.o.b. Rotterdam; a price drop for Marrowfats, to $9.87 per hundred pounds from $10.78, was reported the week before.

Preliminary estimates of the 1966 pea production with comparison follow:

Item	Average 1960-64	1964	1965	1966
	1,000 cwt.	*1,000 cwt.*	*1,000 cwt.*	*1,000 cwt.*
Blues [1]	1,363	1,243	740	728
Marrowfats	356	278	203	198
Other	110	132	77	88
Total	1,829	1,653	1,020	1,014

[1] Nearest comparable to U.S. Alaskas.

Canadian Barley Production Up, Oats Down

Canada's 1966 barley crop will be 282 million bushels and the oat harvest 386 million bushels, according to Canada's early September crop report.

The estimated barley production compares with that of 215 million bushels a year ago and the 1960-64 average of 172 million. This would be the largest crop since the record 292 million harvested in 1952.

The forecast oat harvest compares with the 1965 crop of 415 million bushels and the 1960-64 average of 397 million.

From current production and stock estimates, it appears that Canadian barley supplies will be some 80 million bushels higher than last year, and supplies of oats about 30 million bushels lower.

Mexico Sells More Beans to Brazil

CONASUPO, an agency of the Mexican government, recently announced the sale of 1,367,000 hundredweight of beans to Brazil. The sale was valued at 104 million pesos, equivalent to $6.31 per hundredweight. A previous sale of 298,000 bags was made in July. Both sales included beans of the Bayo Blanco, Bayo Mediano, and Ojo de Cabra. The classes of beans are principally red, brown, and spotted.

Mexico, one-time large importer of pinto beans from the United States (1¼ million bags per year in the early 1950's) has increased its domestic bean production from 12.8 million bags in 1959 to nearly 20 million in 1965, up 56 percent. During recent years Mexico has exported substantial quantities of colored beans to Latin American markets, principally Cuba, Venezuela, and lately Brazil.

Results Favorable in the Canadian Harvest

In Canada as of mid-September, reports on the grain harvest are good. Harvesting is advancing well in the Maritimes and Quebec, with good yields, and all crops in Ontario have benefited from recent rains particularly corn.

The bulk of the grain crops in the southern part of the Prairie Provinces have already been combined. Most of the remaining acreage in Manitoba and Saskatchewan is swathed, but progress is slower in northern Alberta. Yield prospects are well maintained with grades favorable so far. Harvest is proceeding rapidly in British Colombia, except for the Peace River area.

Argentine Flaxseed Area Reduced

Area seeded to flaxseed for the 1966-67 crop in Argentina is placed at 2,446,000 acres, according to the first official estimate. This is a decline of 24 percent from the 3,197,500 acres seeded in 1965-66.

Some of the decline represents a shift to wheat. The government set a favorable support price for wheat and urged farmers to maximize wheat seedings. Although the support for flaxseed was raised substantially from last year's level, many farmers apparently decided that wheat is more profitable. A reported shortage of good-quality seed stock for flaxseed planting also may have had some effect.

The decline is general in the 4 major producing provinces—Entre Ríos, Buenos Aires, Santa Fe, and Córdoba. The biggest reduction was in Entre Ríos, however, where heavy rains retarded seeding. Some of this area probably will go into the later planting of corn.

The government announced a support price of 2,000 pesos per 100 kilograms ($2.36 per bu. at the current rate of 215 pesos to U.S.$1.00), basis delivery at Buenos Aires, for 1966-67 crop flaxseed, and a minimum price—below which transactions are prohibited—of 1,600 pesos ($1.89). Since the government is prepared to buy at the support price, that will tend to establish an effective floor price. The guaranteed price for the 1965-66 crop was 1,300 pesos, but the peso has been devalued by 26 percent during the last 12 months.

As of August 26, the National Grain Board had purchased 48,500 metric tons of linseed oil from the 1965-66 crop. The price paid for oil is 25.50 pesos per kilogram (5.4 U.S. cents per lb.).

Exports of linseed oil from January 1 through August 31 totaled 109,549 metric tons compared with 182,277 tons during the comparable period last year.

Indian Team Promotes Peanut Meal Exports

A 10-man Indian delegation has left for East European countries and the USSR to explore the possibilities of increasing exports of peanut meal to those countries. The delegation also will visit West European countries.

Members of the delegation have formed a consortium and already have exported 130,000 metric tons of peanut meal this marketing year, which began in October 1965. Foreign exchange earnings from these exports were about 60 million rupees ($8 million).

Indian exports of peanut meal have picked up considerably since devaluation of the rupee on June 6, despite an export duty of 125 rupees ($16.67) per metric ton. The export price for peanut meal early in September was around 655 rupees ($87.33) per ton, f.o.b. Bombay. About 200,000 tons reportedly had been sold during the June-August period, including 85,000 tons to the United Kingdom and the Continent, 70,000 to Japan, and about 45,000 to East European countries. Exports during calendar year 1966 may total around 750,000 tons, about the same as the 1965 level.

Suez Canal Oilseed Shipments Up 4 Percent

Shipments of oil-bearing materials northbound through the Suez Canal during October-July totaled over 1.2 million metric tons, 4 percent above the level of the comparable months last year. Tonnages of copra, castorbeans, sesameseed, and palm kernels in July continued to be, as in previous recent months, sharply above shipments last year. These increases, however, were partly offset by continued declines in most other oil-bearing materials.

NORTHBOUND SHIPMENTS OF OIL-BEARING MATERIALS

Item	July		October-July	
	1965	1966	1964-65	1965-66
	Metric tons	*Metric tons*	*Metric tons*	*Metric tons*
Soybeans [1]	20,466	14,529	178,499	98,883
Copra	31,572	79,063	564,244	736,450
Peanuts	8,520	2,108	166,057	130,592
Cottonseed	4,783	6,142	105,444	70,555
Flaxseed [2]	377	—	21,025	7,588
Castorbeans	494	8,368	23,788	50,414
Palm kernels	1,502	2,020	24,755	29,203
Sesame	487	4,305	27,485	42,569
Others	3,874	4,523	76,958	73,701
Total	72,075	121,058	1,188,255	1,239,955

[1] 1 metric ton of soybean equals 36.7 bu. [2] 1 metric ton of flaxseed equals 39.4 bu.
Suez Canal Authority, Cairo, Egypt.

NORTHBOUND SHIPMENTS OF SOYBEANS

Month and quarter	Year beginning October 1				
	1961	1962	1963	1964	1965
	1,000 bushels	*1,000 bushels*	*1,000 bushels*	*1,000 bushels*	*1,000 bushels*
July	181	1,070	1,874	752	534
August	1	331	1,732	626	—
September	146	184	519	183	—
October-December	919	12	19	1,604	110
January-March	4,082	1,328	1,484	2,826	1,963
April-June	239	573	706	1,376	1,026
July-September	327	1,584	4,106	1,562	—
October-September	5,567	3,498	6,315	7,368	—

Totals computed from unrounded numbers.
Suez Canal Authority, Cairo, Egypt.

July shipments of soybeans from Mainland China through the Canal were 534,000 bushels; the October-July total was 3.6 million bushels compared with 6.6 million in the like period last year.

Iranian Date Crop Larger

The 1966 Iranian date crop is tentatively estimated at 340,000 short tons, 25,000 tons larger than the 315,000 tons harvested in each of the last 2 years. Production is sharply higher in the Province of Khuzestan, the region where export-quality dates are grown.

Exports in the 1966-67 marketing season will probably be higher than in each of the two preceding seasons; the Iranian trade expects them to exceed 30,000 tons. Incomplete data for 1965-66 indicate that exports may have totaled 28,000 tons, the same quantity as in 1964-65.

Packers in Khuzestan report the quality of the fruit as better this year than last. They expect to ship about 15,000 tons to Europe and North America, with possibly half of this tonnage destined for the United States.

Yugoslav Prune Crop Increases

The 1966 Yugoslav dried prune pack is tentatively estimated at 30,000 short tons—nearly five times as large as the short 1965 pack, now estimated at only 6,400 tons. The 1966 crop estimate is also somewhat higher than the 5-year average (1960-64) of 27,000 tons.

Good weather in 1966 and bad weather in 1965 were responsible for the respective size of these crops. Fresh prune and plum production in 1966 may have totaled 770,000 tons, against 440,000 tons in 1965.

There is some uncertainty as to the magnitude of old stocks on October 1, 1966, the beginning of the 1966-67 marketing season. In any case, the 1966-67 supply will be larger than that of 1965-66 and exports should be substantially greater. Exports during the first 6 months (October-March) of the 1965-66 marketing season amounted to only 6,300 tons compared with 16,900 tons in the same 6 months of 1964-65. (Total 1964-65 exports amounted to 18,700 tons.)

Czechoslovakia and Poland alone took nearly 60 percent of Yugoslav exports in the first 6 months of 1965-66 and were also important outlets in 1964-65. Surprisingly, the Soviet Union, which took nearly half Yugoslavia's 1964-65 exports, did not take any Yugoslav prunes in the first half of 1965-66.

The fact that the Yugoslav Government has established a guaranteed (minimum) purchase price for fresh prunes is expected to stimulate producers to spray and fertilize their trees more regularly. The Yugoslav Government anticipates larger crops and better quality in the future.

Iranian Dried Apricot Pack Reduced

Spring frosts in Iran, the world's largest producer of dried apricots, drastically reduced this year's apricot crop and the dried apricot pack. The latter is tentatively estimated at only 1,500 short tons, the smallest pack in many years, and only a small fraction of an average pack (9,200 tons—1960-64). Last year, the pack amounted to an estimated 8,800 tons.

Because of a carryin of possibly 700 tons and sharply lower domestic disappearance, Iran may be able to export 1,500 tons of dried apricots in 1966-67. In 1965-66, exports are believed to have approximated 7,000 tons. Exports in the 1964-65 season totaled 8,300 tons, according to official Iranian statistics.

Export prices are substantially higher. About a year ago, the London ex-wharf price for Iranian dried apricots was 25-26 cents per pound; they are now 32-33 cents.

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Record World Wheat Crop

(Continued from page 4)

The French carryover from the excellent 1965 crop will help to keep exportable supplies up for 1966-67. Although export volume will be lower than the unusually high level of fiscal 1965 and 1966, it will continue higher than the volume exported before 1965.

World import prospects

World wheat trade is expected to dip by some 5 million to 6 million tons in 1966-67 as the result of an expected sharp decrease in USSR and East European purchases and only a moderate increase in the needs of all other areas. To date, the Soviet Bloc countries have contracted only 5 million to 6 million tons of wheat from Free World sources for 1966-67 delivery, although their 1965-66 imports from these sources were about 13 million.

Western Europe's imports are also expected to decrease after leveling off in 1965-66, but the decline will be moderate. Imports into North America (including the Caribbean, Central America, and Cuba) and South America should show a slight increase. Another rise is anticipated in Asian trade as Japanese, Indian, and Mainland Chinese import needs remain strong. Total African demands are expected to expand markedly because of import needs in Morocco, Algeria, and Tunisia, brought on by poor crops.

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Highlights of the Agriculture and Trade of Chile

Resources:—Chile's area of 286,400 square miles is a narrow strip extending 2,650 miles along the southern half of the west coast of South America. Population, growing at an annual rate of 2.3 percent, reached 8.7 million in mid-1966. Agriculture is secondary to minerals and industry in the Chilean economy. It employs 28 percent of the labor force and provides only 10 percent of the gross national product, estimated at $555 per capita in 1965.

Agriculture:—Productive agricultural land is generally limited to the central valley, which extends southward 500 miles from Santiago, the capital city. This area is similar to that of the west coast of the United States—suitable for production of livestock and a variety of temperate crops. Agricultural output reached a peak 14 percent above the 1957-59 average in 1964, according to USDA indices, but was only 6 percent above the average in 1965. Cultivated lands are only 2.9 percent of the total area and pastures 14.6 percent. Crops provide for slightly over one-half of the total net value of agricultural output. Wheat is the principal crop; together with corn, sugarbeets, potatoes, and beans, it accounts for about 80 percent of the value of total crop production. Fruit production, also important, has been stimulated in recent years by growing export demand. Beef and milk production make up about three-fourths of total livestock output and wool another 10 percent.

Food Situation:—Chile ranks high in level of food consumption among Latin American countries. Daily caloric intake averaged 2,610 per capita for 1959-61. Daily protein intake was 2.5 ounces and fats intake 2.3 ounces. Cereal products provide nearly 50 percent of daily caloric intake. However, fruits and vegetables including pulses are important in the Chilean diet, and the daily intake of fats and animal protein is above minimum nutritional standards.

Foreign Trade:—Copper and other minerals make up nearly three-fourths of total export earnings, valued at $682 million in 1965. Agricultural exports—including fruits and vegetables, barley, oats, and wool—provide less than 10 percent of total export earnings. Agricultural imports have grown in importance in recent years. Imports of slaughter cattle, cotton, wheat and flour, sugar, dairy products, fats and oils, coffee, and other agricultural products approximate one-fourth of all imports, valued at $607 million in 1965.

The United States is Chile's principal trading partner and accounts for more than 30 percent of the total value of its exports and imports. The United Kingdom, West Germany, and the Netherlands are also important and the West European nations together account for nearly one-half of Chile's total exports. Argentina and Peru are important suppliers of Chilean imports.

Agricultural Trade With the United States:—The United States is the principal market for Chilean table grapes and melons. In 1965, agricultural exports from Chile to the United States were valued at $6 million or about 13 percent of total Chilean agricultural exports. Chilean imports of agricultural products from the United States were valued at $31.5 million, equal to about one-fourth of total agricultural imports. Wheat and wheat products, cotton, and dairy products are the principal imports but fats and oils, tobacco, and seeds are also important.

Factors Affecting Agricultural Trade:—Exports of some agricultural commodities are prohibited, and those of others are subject to fixed quotas when necessary to assure adequate domestic supply. Import tariffs on commercial imports are supplemented by other restrictions including advanced import deposits, special duty surcharges, and import prohibitions to protect domestic industry and conserve limited foreign exchange resources. These restrictions are relatively low, in terms of value, for wheat, cotton, semi-refined vegetable oils, and other commodities considered essential, but they are high for most processed products. As a member of the Latin American Free Trade Association (LAFTA), Chile granted special tariff concessions to imports of grains, fats and oils, and cotton from other LAFTA members in exchange for similar concessions granted for Chilean exports of barley, oats, and fruits and preparations.

—RICHARD M. KENNEDY
Foreign Regional Analysis Division, ERS

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